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**Testimony of Chuck Moran, Chair of the Legislative Affairs Committee of the Connecticut Lodging Association in Opposition to the Increase in Minimum Wage Bill (HB5291) before the Labor and Public Employees Committee
February 28, 2010**

Dear Senator Prague, Representative Zalaski and members of the Labor and Public Employees Committee,

The Connecticut Lodging Association stands in staunch opposition to the Bill to Increase Minimum Wage currently under consideration by the legislature.

During the last legislative session, the hotel industry suffered two serious economic blows:

1. Increase of the hotel tax to 15% (previously 12%)
2. Implementation of the Paid Sick Leave Act

Now, in these still troubled economic times, the legislature is proposing an 18% increase in the minimum wage over two years? An increase of the wage from \$8.25 to \$9.75 is unfathomable. How many employed workers are receiving a 9% increase in wages in the next year? Or even half of that?

And frankly this outrageous increase request seems to be a not so subtle negotiation ploy. If you are asking for an obscene increase, maybe there will be less opposition to a slightly less inflated increase? The answer to that question is no.

The lodging industry is facing the same financial concerns as the State of Connecticut. Is this how the State addressed its financial issues when dealing with the state employee unions? No, they went with wage freezes and lay-offs. Well the simple truth is:

If the minimum wage is increased, the hotel industry and many others will have to resort to layoffs as well.

Tourism is an essential economic driver for the well being of Connecticut that is attempting to recover from an extended economic recession, two years of non-existent state marketing and facing potentially \$5 per gallon gas prices this summer. With this economic reality, any additional burden placed on the lodging industry will result in layoffs and in full-time positions being reduced to part-time positions. And there is evidence that an increased minimum wage will be detrimental to employment overall. Attached you will find testimony submitted to the U.S. House Committee on Education and the Work Force from the Public Policy Institute of California that includes a study that demonstrates **a 10% increase in the minimum wage results in an approximately 2% increase in welfare caseloads.**

Connecticut is already the least business-friendly states in the U.S. Additional costly regulations will continue dissuade investors and employers from locating in our state.

Thank you for the opportunity to address the Committee. I would be happy to reply to any questions you may have.

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